

REPORT
WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
JUNE 30, 2006 AND 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY

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DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112

(504) 586-8866

FAX (504) 525-5888

cpa@dhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN M. HARGES, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

November 15, 2006

Dr. Timothy P. Ryan, Chancellor
University of New Orleans
New Orleans, Louisiana

We have audited the financial statements of the WWNO-FM Radio Station (the Station), which is operated as a public telecommunications entity by the University of New Orleans, as of and for the years ended June 30, 2006 and 2005, as listed in the accompanying table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2006 and 2005, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2006, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The management's discussion and analysis on pages 3 - 6 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The statement of functional expenses on page 21 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The statement of functional expenses has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion in it.

Duplante, Chapman, Hogan & Mather LLP

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

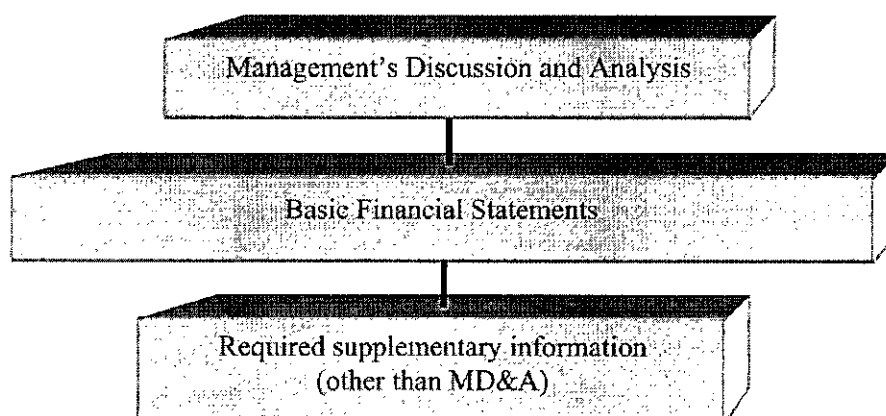
The Management's Discussion and Analysis of the WWNO-FM Radio Station financial performance presents a narrative overview and analysis of WWNO-FM Radio Station's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the WWNO-FM Radio Station financial statements, which begins on page 7.

FINANCIAL HIGHLIGHTS

- ★ WWNO-FM Radio Station's assets of business-type activities exceeded liabilities at the close of fiscal year 2006 by \$1,302,363, which represents a decrease from the last fiscal year. The net assets decreased by \$183,621 or (12.4)%.
- ★ WWNO-FM Radio Station's operating revenue of business-type activities increased \$82,404 or 7.1% while operating expenses decreased \$61,642 or (3.4)%. Non-operating revenues decreased \$74,967, or (19.8)%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Station established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*:



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

The financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The graph shows how the required parts of this annual report are arranged and relate to one another.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for WWNO-FM Radio Station as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of WWNO-FM Radio Station is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets (page 8) presents information showing how WWNO-FM Radio Station's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 9-10) presents information showing how WWNO-FM Radio Station's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2006 and 2005
(in thousands)

	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 1,214	\$ 1,357
Capital assets	<u>155</u>	<u>197</u>
Total assets	<u>1,369</u>	<u>1,554</u>
Current liabilities	19	23
Noncurrent liabilities	<u>48</u>	<u>45</u>
Total liabilities	<u>67</u>	<u>68</u>
Net assets:		
Invested in capital assets, net of debt	155	197
Unrestricted – expendable – board designated reserve	802	799
Unrestricted	<u>345</u>	<u>490</u>
Total net assets	<u>\$ 1,302</u>	<u>\$ 1,486</u>

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

Restricted net assets represent those assets that are available for spending on restricted purposes only as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Statement of Revenues, Expenses and Changes in Net Assets
as of June 30, 2006 and 2005
(in thousands)

	<u>2006</u>	<u>2005</u>
REVENUES		
Program revenues:		
Operating grants and contributions	\$ 1,245	\$ 1,162
General revenues:		
University support	259	333
Investment earnings	<u>44</u>	<u>46</u>
Total revenues	<u>1,548</u>	<u>1,541</u>
OPERATING EXPENSES:		
Public broadcasting	<u>1,732</u>	<u>1,794</u>
Total expenses	<u>1,732</u>	<u>1,794</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (184)</u>	<u>\$ (253)</u>

WWNO-FM Radio Station's total revenues increased approximately \$7,437 or .5%. The total cost of all programs and services decreased by approximately \$61,642 or (3.4)%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, WWNO-FM Radio Station had \$155,564, net of accumulated depreciation of \$629,185 invested in capital assets, all of which is equipment.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

WWNO-FM Radio Station management considered the following factors and indicators when planning next year's operations:

- ★ Industry factors
- ★ Cost of living adjustments for salaries and other expenses
- ★ Impact from Hurricane Katrina

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

CONTACTING THE WWNO-FM RADIO STATION MANAGEMENT

This financial report is designed to provide our supporters, benefactors, listeners and creditors with a general overview of WWNO-FM Radio Station's finances and to show WWNO-FM Radio Station's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chuck Miller, General Manager, WWNO, University of New Orleans, New Orleans, Louisiana 70148.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 386,849	\$ 435,798
Receivables, net of allowance of \$2,747 and \$10,160, respectively	25,516	40,190
Deferred charges and prepaid expenses	-	81,903
Total current assets	<u>412,365</u>	<u>557,891</u>
Noncurrent Assets		
Restricted cash	295,644	285,320
Investments	506,172	513,385
Capital assets, net	155,564	197,463
Total noncurrent assets	<u>957,380</u>	<u>996,168</u>
Total Assets	\$ <u>1,369,745</u>	\$ <u>1,554,059</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 13,135	\$ 19,275
Compensated absences	6,092	3,527
Total current liabilities	<u>19,227</u>	<u>22,802</u>
Noncurrent Liabilities		
Compensated absences	48,155	45,273
Total noncurrent liabilities	<u>48,155</u>	<u>45,273</u>
Total liabilities	<u>67,382</u>	<u>68,075</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	155,564	197,463
Unrestricted - expendable - board designated reserve	801,816	798,705
Unrestricted	344,983	489,816
Total net assets	<u>1,302,363</u>	<u>1,485,984</u>
Total Liabilities and Net Assets	\$ <u>1,369,745</u>	\$ <u>1,554,059</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES		
Federal and state grants and contracts	\$ 14,894	\$ 24,625
Corporation for Public Broadcasting	156,208	151,306
Donated services income	472,444	20,580
Other operating revenues	601,239	965,870
Total operating revenues	<u>1,244,785</u>	<u>1,162,381</u>
OPERATING EXPENSES		
Program services:		
Programming and production	725,649	778,874
Broadcasting	362,883	408,247
Program information	218,140	233,283
Support services:		
Management and general	222,410	156,001
Fund raising and membership development	176,195	170,521
Underwriting and grant solicitation	27,008	47,001
Total operating expenses	<u>1,732,285</u>	<u>1,793,927</u>
Operating loss	<u>(487,500)</u>	<u>(631,546)</u>
NONOPERATING REVENUES		
University support	259,211	333,303
Net investment income	44,668	45,543
Total nonoperating revenues	<u>303,879</u>	<u>378,846</u>
Decrease in net assets	(183,621)	(252,700)
Net assets at beginning of year	<u>1,485,984</u>	<u>1,738,684</u>
Net assets at end of year	<u>\$ 1,302,363</u>	<u>\$ 1,485,984</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Federal and state grants and contracts	\$ 16,994	\$ 24,265
Corporation for Public Broadcasting	156,208	151,306
Payments for employee compensation	(497,108)	(514,966)
Payments for benefits	(137,413)	(130,534)
Payments for supplies and services	(214,865)	(704,437)
Other receipts	613,814	961,298
Net cash used by operating activities	<u>(62,370)</u>	<u>(213,068)</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>(28,136)</u>	<u>(108,358)</u>
Net cash used by capital financing activities	<u>(28,136)</u>	<u>(108,358)</u>
Cash flows from investing activities:		
Proceeds from maturities of investments	10,703	273,445
Interest received on investments	41,178	45,544
Net cash provided by investing activities	<u>51,881</u>	<u>318,989</u>
Net decrease in cash	(38,625)	(2,437)
Cash at beginning of the year	<u>721,118</u>	<u>723,555</u>
Cash at the end of the year	\$ <u><u>682,493</u></u>	\$ <u><u>721,118</u></u>
Non-Cash Financing Activities:		
University support	\$ 259,211	\$ 333,303
In-kind contributions	472,444	20,580
	<u>\$ 731,655</u>	<u>\$ 353,883</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

(Continued)

	<u>2006</u>	<u>2005</u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities:		
Operating loss	\$ (487,500)	\$ (631,546)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	70,035	98,880
University support	259,211	333,303
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net	14,674	(4,955)
(Increase) decrease in deferred charges and prepaid expenses	81,903	(3,899)
Increase (decrease) in accounts payable and accrued liabilities	(6,140)	4,985
Increase (decrease) in compensated absences	<u>5,447</u>	<u>(9,836)</u>
Net cash used by operating activities:	\$ <u>(62,370)</u>	\$ <u>(213,068)</u>
Reconciliation of Cash and Cash Equivalents to the SNA		
Cash and cash equivalents classified as current assets	\$ 386,849	\$ 435,798
Cash and cash equivalents classified as noncurrent assets	<u>295,644</u>	<u>285,320</u>
	\$ <u>682,493</u>	\$ <u>721,118</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

ORGANIZATION

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the LSU System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communication Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1973, the radio station attained this status.

In December 1994, WWNO received permission to establish a second radio station to serve the Thibodaux and Houma areas. In February 1995, the FCC assigned this second radio station the call letters, KTLN. KTLN received its license and began operating as a simulcast station of WWNO-FM in August 1995.

WWNO-FM Radio Station is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Station's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Station applies the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Station are discussed below.

Reporting Entity:

The Station is a public telecommunications entity operated by the University of New Orleans. The accompanying financial statements of the Station contain sub-account information of the University of New Orleans. As such, the accompanying statements present information only as to the transactions of the Station as authorized by Louisiana statutes and administrative regulations. Annually, the University of New Orleans issues both comprehensive and general-purpose financial statements, which include the activity contained in the accompanying financial statements.

Financial Statements:

The financial statement presentation required by GASB 34 provides a comprehensive perspective of the Station's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows and replaces the fund-group perspective previously required.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets and Liabilities:

Certain assets and liabilities are segregated and classified as restricted and may not be used except in accordance with contractual terms, under certain conditions, or for specific board-designated purposes.

Capital Assets:

Capital assets are reported at cost at the date of acquisition or their estimated fair value on the date of donation. For movable property, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Routine expenditures for maintenance and repairs which do not materially extend the useful life of the asset are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 5 to 12 years for movable property. In accordance with University policies, a full year of depreciation is taken in the year of acquisition.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments (including restricted assets) with maturity of three months or less when purchased.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

The Station accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statement of revenue, expenses and changes in net assets.

Revenue Recognition:

Pledges are recorded as revenue when the promise to give is made. Contributions are recorded as revenue when received. Revenue from grants is recognized as revenue to the extent that expenses are incurred. WWNO-FM Radio Station does not recognize revenue from the fund raising activities by the UNO Foundation until the quarterly net collections are transferred to the WWNO revenue accounts. For the years ended June 30, 2006 and 2005, the UNO Foundation collected \$68,999 and \$173,190, respectively, in contributions on behalf of WWNO that were used by the Foundation to pay expenses on behalf of WWNO. At June 30, 2006 and June 30, 2005, respectively, the UNO Foundation held \$38,364 and \$7,053 on behalf of the Station. These amounts are not recorded in these financial statements.

In-Kind Contributions:

Donated facilities provided by UNO consist of office and studio space together with related occupancy costs. For each of the years ended June 30, 2006 and 2005, these donated facilities were valued at \$22,940 and \$22,940, respectively, and are recorded in revenue and expense.

In addition to donated facilities, UNO also provides other support services including, but not limited to, accounting, human resources and payroll. UNO also shares services with WWNO, such as utilities. UNO pays these expenses on behalf of WWNO. WWNO then records these amounts as both revenue and expense. The donated services totaled \$236,271 and \$310,363 for the years ended June 30, 2006 and 2005, respectively.

For the years ended June 30, 2006 and 2005, the Station received in-kind contributions of \$472,444 and \$20,580, respectively, from various private businesses and organizations. These contributions are recorded in both revenue and expense at the fair value of the services received.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Assets:

The Station's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt

This represents the Station's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction or improvement of those capital assets, if any.

Unrestricted Net Assets – Expendable

Unrestricted expendable net assets represent resources that the Station's Advisory Board has designated as a capital reserve.

Unrestricted Net Assets

Unrestricted net assets represent resources used for transactions relating to the general operations of the Station and may be used at the discretion of the Station's management to meet current expenses and for any purpose.

Classification of Revenues:

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenue

Operating activity includes activities that have the characteristics of exchange transactions, such as most federal, state and local grants, contracts and federal appropriations.

Nonoperating Revenue

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as university support and investment income.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

2. CASH AND CASH EQUIVALENTS:

At June 30, 2006 and 2005, cash consisted of interest-bearing demand deposits totaling \$682,493 and \$721,118, respectively. Total cash of each year has been reduced by \$295,644 and \$285,320, which is part of a \$801,816 and \$798,705, respectively, quasi-endowment and is reported as restricted cash on the Statement of Net Assets. These deposits are part of pooled cash held and controlled by UNO (Louisiana State University System) and are secured from risk by the university through a custodial agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be recovered. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2006 and 2005 were secured as follows:

	<u>2006</u>	<u>2005</u>
Total cash per statements of net assets	\$ <u>682,493</u>	\$ <u>721,118</u>
<u>Bank balances:</u>		
Collateralized with securities by the pledging institution's trust department or agent <u>in the entity's name</u>	\$ <u>682,493</u>	\$ <u>721,118</u>
Total bank balances	\$ <u>682,493</u>	\$ <u>721,118</u>

3. INVESTMENTS:

At June 30, 2006 and 2005, pooled investments have a book value of \$504,355 and \$514,680, respectively, and are reported at fair market value of \$506,172 and \$513,385, respectively. This amount is the remainder of the quasi-endowment discussed in Note 2. WWNO maintains investment accounts as authorized by the Board of Regents and LSU System:

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, WWNO will not be able to recover the value of its investment. The Station's investment policy conforms to state law, as described above, which has no provision for custodial credit risk. The Station's investments are held as part of pooled investments controlled by UNO.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

3. INVESTMENTS: (Continued)

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Station's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2006, the Station had the following investment in debt securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
Federal Agencies	\$ <u>506,172</u>	\$ <u> </u> --	\$ <u>506,172</u>	\$ <u> </u> --	\$ <u> </u> --

As of June 30, 2005, the Station had the following investment in debt securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
Federal Agencies	\$ <u>513,385</u>	\$ <u> </u> --	\$ <u>513,385</u>	\$ <u> </u> --	\$ <u> </u> --

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Station invested only in obligations of federal agencies which are not rated. This type of investment, allowed by state law, ensures that the Station is not exposed to credit risk.

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2006 and 2005, the Station had no investments in any one entity which exceeded 5% of total investments, except obligations of Federal agencies.

4. EQUIPMENT:

WWNO-FM follows Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. The threshold for capitalizing equipment is \$5,000. The balance of equipment at June 30, 2006 and 2005 includes only movable property items with an acquisition cost of \$5,000 or more.

In order to comply with GASB Statement #35, both accumulated and current year depreciation were recognized on the WWNO Financial Statements. Depreciation is recorded using the straight-line depreciation method with equipment assigned to different classes depending on its expected useful life.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

4. EQUIPMENT: (Continued)

Depreciation taken on equipment for the fiscal years ended June 30, 2006 and 2005 was \$70,035 and \$98,880, respectively. This amount is reflected as a current expense in the financial statements.

A summary of changes in equipment follows:

	<u>June 30</u>	
	<u>2006</u>	<u>2005</u>
Balance at beginning of year	\$ 756,613	\$ 648,256
Accumulated depreciation	<u>(559,150)</u>	<u>(460,270)</u>
Balance at beginning of year, net	197,463	187,986
Additions during current year	28,136	108,357
Depreciation expense	<u>(70,035)</u>	<u>(98,880)</u>
Balance at end of year, net	\$ <u>155,564</u>	\$ <u>197,463</u>

5. COMPENSATED ABSENCES:

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. The method for computing the liability for unused annual and sick leave conforms to Governmental Accounting Standard Board (GASB) Statement No. 16, Accounting for Compensated Absences. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 5 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 2006 and 2005 is estimated to be \$54,247 and \$48,800, respectively.

6. LONG-TERM DEBT:

There is no long-term debt at June 30, 2006 and 2005.

WWNO-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

7. LEASES:

The Station is obligated under two operating leases for the rental of tower space for the operation of WWNO-FM/KTLN.

The first lease is with Tower Management, Inc. This lease extends through February 28, 2015 with quarterly lease payments of \$450. The second lease is with SpectraSite Broadcast Towers, Inc. This lease extends through March 30, 2009 with monthly lease payments of \$3,400. Combined lease payments for tower rental were \$42,600 and \$42,400 for the years ended June 30, 2006 and 2005, respectively.

The future lease payments due under the noncancelable lease agreements at June 30, 2006, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2007	\$ 42,600
2008	42,600
2009	32,400
2010	1,800
2011	1,800
Thereafter	<u>6,600</u>
Total	<u>\$127,800</u>

8. PENSION PLANS:

Substantially all employees of the Station are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 5 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

WWNO-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

8. PENSION PLANS: (Continued)

The contribution requirements of plan members and the Station are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA- R.S.) 11:102. For the years ended June 30, 2006 and 2005, employees contributed 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. For the years ended June 30, 2006 and 2005, the state is required to contribute 15.9 percent and 15.5 percent, respectively, of covered salaries to TRS and 19.1 percent and 17.8 percent, respectively, of covered salaries to LASERS. The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station. The radio station's employer contributions to TRS for the years ended June 30, 2006, 2005 and 2004 were \$15,569, \$24,392 and \$21,142, respectively, and to LASERS for the years ended June 30, 2006, 2005 and 2004 were \$8,792, \$8,792, and \$7,804, respectively, equal to the required contributions for each year.

9. OPTIONAL RETIREMENT SYSTEM:

LSA-R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for 5 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the Station are 15.5 and 13.8 percent of the covered payroll for the years ended June 30, 2006 and 2005, respectively. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan for the years ended June 30, 2006, 2005 and 2004 were \$40,610, \$43,400 and \$38,430, respectively.

WWNO-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

10. DONATED SERVICES:

During the year ended June 30, 2006, the Station received \$472,444 of donated services in the wake of Hurricane Katrina. The Station received \$360,782 of nationally-distributed radio programming, \$56,920 of advertising, and \$54,742 of other services, which the Station would normally have purchased with operating revenues. Management is uncertain of how long the services will continue to be donated.

11. RECLASSIFICATIONS:

Certain items from 2005 have been reclassified to conform to the 2006 presentation.

WWWNO-FM RADIO STATION

A PUBLIC TELECOMMUNICATIONS ENTITY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2006

	PROGRAM SERVICES				SUPPORTING SERVICES				TOTAL EXPENSES	
	Programming and Production	Public			Management and General	Fund Raising		Underwriting and Grant Solicitation	Total Supporting Services	
		Broadcasting	Information and Promotion	Total Program Services		Membership and Development				
Employee salaries and wages	\$ 109,029	\$ 146,530	\$ 79,153	\$ 334,712	\$ 89,822	\$ 88,638	\$ 11,144	\$ 189,604	\$ 524,316	\$ 549,510
Employee benefits	31,029	39,378	23,618	94,025	25,656	26,531	65	52,252	146,277	139,828
Travel	679	1,009	732	2,420	2,182	406	70	2,658	5,078	15,900
Tower rent	-	42,600	-	42,600	-	-	-	-	42,600	42,400
Utilities	-	1,903	-	1,903	-	-	-	-	1,903	1,881
Program costs	477,505	-	-	477,505	-	-	-	-	477,505	390,335
Contracts	8,253	675	1,686	10,614	-	422	-	422	11,036	57,651
Repairs and maintenance	13	1,635	65	1,713	56	8	-	64	1,777	13,862
Advertising	67	260	57,267	57,594	-	46	-	46	57,640	25,578
Subscriptions and memberships	8,449	3,172	3,696	15,317	43,993	2,538	549	47,080	62,397	11,894
Printing, publications and graphics	113	435	581	1,129	2,343	169	1,027	3,539	4,668	16,524
Telephones and postage	5,469	3,238	3,073	11,780	9,708	2,745	4,026	16,479	28,259	49,904
Supplies	9,437	7,189	5,722	22,348	3,230	4,290	873	8,393	30,741	63,869
Bank fees	-	-	-	-	1,734	13,871	1,736	17,341	17,341	12,632
Auditor's fee	-	-	-	-	9,300	-	-	9,300	9,300	9,300
Sick/annual leave	1,803	1,067	1,013	3,883	583	801	180	1,564	5,447	(9,836)
Indirect administrative support	73,111	43,292	41,083	157,486	23,634	32,469	7,289	63,392	220,878	282,550
Depreciation on equipment	-	70,035	-	70,035	-	-	-	-	70,035	98,880
Software / Other	496	294	279	1,069	161	221	49	431	1,500	14,466
Miscellaneous	196	171	172	539	10,008	3,040	-	13,048	13,587	6,799
Total	\$ 725,649	\$ 362,883	\$ 218,140	\$ 1,306,672	\$ 222,410	\$ 176,195	\$ 27,008	\$ 425,613	\$ 1,732,285	\$ 1,793,927



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112
(504) 586-8866

FAX (504) 525-5888

cpa@dhhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN M. HARGES, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1928-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 15, 2006

Dr. Timothy P. Ryan, Chancellor
University of New Orleans
New Orleans, Louisiana

We have audited the financial statements of WWNO-FM Radio Station (the Station), as of and for the year ended June 30, 2006, and have issued our report thereon dated November 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WWNO-FM Radio Station's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WWNO-FM Radio Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of WWNO-FM Radio Station and its management, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Chapman, Hogan & Kunkel

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the WWNO-FM Radio Station for the year ended June 30, 2006 was unqualified.
2. Internal Control
Material weaknesses: none noted
Reportable conditions: none noted
3. Compliance
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None